

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
OFFICE OF INSPECTOR GENERAL
SUMMARY OF SIGNIFICANT AUDITS
OCTOBER 2001**

OIG Audit Report Number 02-04, *OIG Letter Report Regarding Corporation for National and Community Service Compliance with the Government Information Security Reform Act*

OIG engaged KPMG to perform independent evaluations of the Corporation's information security program and practices as required by the Government Information Security Reform Act of 2000 (Public Law 106-398). KPMG analyzed the Corporation's financial management system (Momentum), its System for Programs, Agreements and National Service participants (SPAN), the Corporation's network, and agency-wide policies and procedures not specific to any individual information technology system.

The assessments generally concluded that the Corporation has done a respectable job of providing agency-wide information security. Management has established a strong program for day-to-day operations, maintenance of its security infrastructure, and personnel security awareness and training programs. Three areas, stemming primarily from the recently enacted GISRA requirements, need improvement, including:

- Strengthening program officials' involvement in assessing security risks, understanding business impacts, and evaluating mitigating security measures;
- Formally integrating security planning with overall information technology and business strategies and with resource allocation decision making; and
- Improving documentation of information security policies and procedures relating to system development life cycle processes and routine, periodic reviews of information security controls and audit logs.

OIG Audit Report Number 02-07, *Follow-Up on the Corporation's Management Decision Regarding Questioned Costs Reported in OIG Audit Report 99-04, Audit of Congressional Hunger Center*

OIG engaged L. G. Birnbaum to assess the evidence underlying the Corporation's final decision to allow certain costs that had been questioned in OIG's initial audit of costs claimed against Corporation grants to the Congressional Hunger Center. As discussed in Semiannual Report 01-01, OIG was concerned because management described \$96 thousand of reinstated costs as based on documentation that was in storage at the time of the audit and not then made available to the auditors.

The auditors reviewed documents supporting management's decision to determine whether they was competent; that is, relevant and valid. Additionally, OIG investigators followed-up regarding the propriety and reliability of the supporting documents. That investigation revealed that they were authentic. Ultimately, OIG concluded that \$18,446 of the \$123,319 of questioned costs were inappropriately reinstated and concurred with management that the remaining \$104,873 were allowable.

**CORPORATION FOR NATIONAL AND COMMUNITY SERVICE
OFFICE OF INSPECTOR GENERAL
SUMMARY OF SIGNIFICANT INVESTIGATIONS
OCTOBER 2001**

Corporation Recovers Funds Improperly Transferred and Expended

We closed an investigation we opened when a state auditor reported his office received a hotline call alleging the state's Department of Education had improperly transferred \$166,000 of Corporation Learn and Serve grant funds to a local school district. Our investigation determined the funds were transferred, that the transfer occurred without the knowledge of the Corporation, that the transfer was not accomplished pursuant to a sub-grant approved in the grant application, and that expenditures were made that were not allowed by the grant. Both Federal and state prosecutors declined to pursue prosecution because the person responsible for transferring the funds was no longer employed by the state and had left the state, and because administrative means were available for the Corporation to recover the funds from the state. The state's Department of Education remitted \$172,000 to the Corporation, an amount equal to the unused portion of the grant, the improper expenditures, and interest. (00-023)

False Certification Nets AmeriCorps Program Director Jail Time

We completed an investigation we opened when a Corporation program officer notified us that a state commission reported a program director might have falsely certified that AmeriCorps members in the program completed their service hours. We found evidence that the former AmeriCorps program director falsely certified that three members of the program he supervised completed the service hours required for an education award when he knew that this was not true. The matter was presented to the U.S. Attorney who accepted this case for prosecution and the local FBI joined the investigation. The former program director pleaded guilty in U.S. District Court and was sentenced to four months confinement, four months house arrest, three years probation, required to pay \$8,565 restitution, and assessed \$100 in court costs. The Corporation debarred the former program director from doing business with the Federal government for a period of twenty-four months. (00-028)